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WE done*

FSC-186-A

April 21, 1994

To All Region Operations Managers

Subject: Peer Marketing Associates - "Full Partner" Program

The Forsyth Products Group needs your assistance in working with those distributors associated with Peer Marketing. (Account List - Attachment I). It is important that RJR meets with all Peer Marketing distributors to discuss the new "Full Partnership" Program offered by Forsyth and RJR. (Full Partner Program - Attachment II). Forsyth believes that with the current Peer pricing (Peer Pricing - Attachment III) and RJR's full partner support, in conjunction with RJR's new F.O.C.U.S. Program, we can achieve a more positive partnership with Peer Marketing.

Please contact all Peer members as soon as possible and discuss our new program of identifying full partners. Review pricing and, of course, be sure to remind the Peer members of the positive effect this partnership could have on it's RJR F.O.C.U.S. Program.

We request that you complete the Full Partner Requirements Form (Attachment IV) and fax to both Jim Piscitelli (Forsyth) and Leslie Chick (Peer) at the fax numbers on the form. We would appreciate receiving these forms no later than May 25.

Potential New Peer Members (Attachment V)

We are currently negotiating with Peer to expand current brands in some geographical areas. Peer's board will then consider a "Limited Membership" for Forsyth brands. Based on requests from wholesalers, due to our F.O.C.U.S. Program, and , no additional Forsyth brands available to distributors, a wholesaler could obtain a brand from Peer. If you identify distributors that may be interested in being our "Full Partner" and would consider joining Peer, complete Attachment V and fax to J. M. Piscitelli and Mr. Leslie Chick. Wholesaler will be contacted directly by Peer at a later date.

Your cooperation in handling this project for Forsyth and Peer is most appreciated. Please consider all the information in this letter and it's attachments as CONFIDENTIAL between you and your Peer members.

If you have any questions, please direct them to Jim Piscitelli at 216-779-1888.

Good Selling!

FORSYTH TOBACCO PRODUCTS
A Division of R. J. Reynolds Tobacco Company

Attachments

(All attachments are not on e-mail, they were mailed to the field.)

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ATTACHMENT A

Qualifications to Become a Full Partner with Forsyth

To qualify as a Full Partner, a Forsyth contracted customer must:

- Use off-invoice to keep Forsyth private label price competitive.
- Develop programs using alliance accrual to build Forsyth private label business.
- Maintain Forsyth private label as the everyday low priced brand offered, with minimal support for competitive programs.
- Decline to carry non-Forsyth products that sell at prevailing private brand prices.

If the Forsyth contracted customer meets these qualifications, he will be identified as a FULL PARTNER. Field sales will be notified by the appropriate AVP of the FULL PARTNER status, and field sales will support the FULL PARTNER with appropriate buy-downs to assure that the Forsyth private brand is competitive at the retail level. If the Forsyth contracted customer does not qualify as a FULL PARTNER, field sales will use Monarch, Doral or Best Value, rather than the Forsyth private label, to maintain our competitive position at retail.

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